



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

March 5, 2008
22M: 375;jel:8023

Mr. John Solis, Executive Director
San Joaquin County Employment and
Economic Development Department
56 South Lincoln Street
Stockton, CA 95203

Dear Mr. Solis:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the San Joaquin County Employment and Economic Development Department's (EEDD) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Jennifer Leeper from October 15-19, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by EEDD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with EEDD representatives and service provider staff. In addition, this report includes the results of our review of selected case files, EEDD's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on February 6, 2008, and reviewed your comments and documentation before finalizing this report. Because your response

did not adequately address finding number two cited in the draft report, we consider this finding unresolved. We request that EEDD provide the Compliance Review Division (CRD) with additional information to resolve the issues that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 80027.

Because your response adequately addressed findings one and three cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned CATS numbers 80026 and 80028.

BACKGROUND

The EEDD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, EEDD was allocated: \$2,861,067 to serve 836 adult participants; \$3,146,340 to serve 302 youth participants; and \$2,135,746 to serve 438 dislocated worker participants.

For the quarter ending September 30, 2007, EEDD reported zero expenditures from its PY 2007-08 WIA allocations. However, EEDD reported the following expenditure information from its PY 2006-07 WIA grants: \$1,624,876 for adult participants; \$2,431,580 for youth participants; and \$578,606 for dislocated worker participants. In addition, EEDD reported the following enrollments: 926 adult participants; 528 youth participants; and 360 dislocated worker participants. We reviewed case files for 30 of the 1,814 participants enrolled in the WIA program as of October 15, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, EEDD is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: gaps in service, memorandum of understanding (MOU), and grievance and complaint procedures. The findings that we identified in these areas, our recommendations, and EEDD proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR Section 667.300(b)(1) states, in part, that a state or other direct grant recipient may impose different forms or shorter

formats, shorter due dates, and more frequent reporting requirements on subrecipients.

Training and Employment Guidance Letter 7-99(D) states, in part, that once a participant has not received any WIA funded or partner services for 90 days (except follow-up services, and there is no planned gap in service or the planned gap in service is for reasons other than those related to health/medical condition and delay in training), that participant must be exited from WIA. The exit date is the last date of WIA funded or partner received services.

Observation:

Four out of 30 case files reviewed showed a gap in services ranging from 90 days to 210 days. While EEDD attempted to contact these participants, no WIA funded services were provided during these gaps of time. One of the five participants eventually received WIA Core B services after three separate 90 day gaps in service. The remaining three participants are still enrolled although no WIA funded services are being provided.

Recommendation:

We recommended that EEDD provide CRD with a corrective action plan (CAP) stating how it will ensure, in the future, that no more than 90 days will lapse between services provided to participants, or else exit the participants as of the last date of receipt of services. Additionally, we recommended that EEDD provide CRD with documentation to demonstrate that services are being provided to the three remaining participants noted above, or exit them from the WIA program.

EEDD Response:

The EEDD stated that staff is now mandated to review case files on a monthly basis to ensure participants are actively receiving services. If a participant has not received services for more than 90 days, staff will exit the participant on the actual last date of receipt of service. The EEDD provided in-depth training to case management staff on what constitutes a service and how to document participants' receipt of services within the case files. The training emphasized that all client contact will be made with the notion of providing a service and not just to obtain information. In addition, EEDD exited the three participants mentioned above from the WIA program.

State Conclusion: The EEDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EEDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80026.

Please note that TEGL 7-99 is no longer effective and has been superseded by TEGL 17-05.

FINDING 2

Requirement: 20 CFR Section 662.230(c) states, in part, that required one-stop partners must enter into a MOU with the Local Board relating to the operation of the One-Stop system that meets the requirements of Section 662.300, including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods for referrals.

20 CFR Section 662.310(b) states, in part, that Local Workforce Investment Boards (LWIB), local chief elected officials and partners may request assistance from the State agency that is responsible for administering the non-signing partner program from the Governor, from the California Workforce Investment Board (CWIB), and from other parties. If a good faith negotiation fails to result in agreement, the LWIB and affected partners must document the negotiations and efforts that have taken place and must each report the inability to reach agreement to the Governor or CWIB and the State agency that is responsible for administering the program(s) of the partner(s) with whom agreement could not be reached.

WIAD05-6 states, in part, that in the event that a LWIB has concluded that there is negotiations impasse, it shall inform the affected required One-Stop partners that the provision of 662.310(b) of the federal WIA Regulations must be implemented by the LWIB and the affected partners.

Observation: We found that EEDD's MOU with the Department of Rehabilitation (DOR) expired on June 30, 2006. The EEDD stated that DOR will not sign an MOU administered by EEDD, but will only sign an MOU created by DOR itself.

Recommendation: We recommended that EEDD provide CRD with a CAP, including a timeline, for entering into an MOU with DOR. If EEDD has concluded that there is a negotiation impasse, we recommended that EEDD follow the procedures outlined in WIAD05-6 and obtain technical assistance from its Workforce Services Division Regional Advisor. Additionally, we recommend that EEDD provide CRD with copy of its MOU with DOR once it is signed.

EEDD Response: The EEDD stated that it has informed DOR of the need to modify the expiration date of the MOU it created. The EEDD anticipates that the process to modify the expiration date will be completed by June 30, 2008.

State Conclusion: Based on EEDD's response, we cannot resolve this issue at this time. While EEDD has taken sufficient corrective action to update the DOR MOU, we cannot close this finding until EEDD provides CRD with a copy of the signed MOU. Until then, this finding remains open and has been assigned CATS number 80027.

FINDING 3

Requirement: 20 CFR Section 667.600 states, in part, that the local area must provide information about its programmatic grievance and complaint procedures required by this section to participants and other interested parties.

WIA Directive WIAD03-12 requires, in part, that initial and continuing notice of the local grievance and complaint procedures and instructions on how to file a complaint must be included in each participant's file. A copy of the acknowledgement of receipt shall be signed by the participant.

Observation: We observed that 29 of 30 participant case files did not include a copy of EEDD's Grievance and Complaint Procedures. All 30 files contained a copy of the participants' signed acknowledgement that they received a copy of San Joaquin County Worknet's Complaint and Appeal Procedures.

Recommendation: We recommended that EEDD provide CRD with a CAP stating how it will ensure, in the future, that a copy of EEDD's

Grievance and Complaint Procedures are kept in each participant's case file. Although the authors of the WIA Directive may reissue another directive removing the requirement to maintain a copy of the grievance and complaint procedures in each participant's file, there has been no movement to take such action.

EEDD Response: The EEDD provided a copy of its revised Grievance and Complaint Procedures which now includes a signature line. Additionally, EEDD stated that participants, at the time of eligibility determination, will be advised of the process to file a grievance/complaint by EEDD staff. The participant shall be asked to sign the form which will be maintained in each participant's case file. A copy of the signed form will also be provided to each participant.

State Conclusion: The EEDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, EEDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80028.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than April 3, 2008. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is EEDD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain EEDD's responsibility.

Mr. John Solis

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March 5, 2008

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Jennifer Leeper at (916) 653-7802.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, flowing script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Judy Branaman, MIC 50
Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50